

CERTIFICATE ON SPECIAL TAX BENEFITS

STATEMENT OF SPECIAL TAX BENEFITS AVAILABLE TO THE COMPANY, ITS SHAREHOLDERS AND MATERIAL SUBSIDIARIES UNDER THE APPLICABLE LAWS IN INDIA

To,

**The Board of Directors,
IKIO Lighting Limited
(Formerly known as IKIO Lighting Private Limited)**
411, Arunachal Building 19
Barakhamba Road, Connaught
Place, Central Delhi,
New Delhi – 110001

(The “Company”)

Re: Proposed initial public offering of equity shares of face value of Rs. 10 each (the “Equity Shares” and such offering, the “Offer”) of ‘IKIO Lighting Limited’ (the “Company”)

1. This report is issued in accordance with the Engagement Letter dated 02nd May 2022
2. We, BGJC & Associates LLP (Firm Registration Number: 003304N/N500056), Statutory Auditor of the Company, report that the enclosed statement in the **Annexure I** states the possible special tax benefits, available to the Company, its shareholders and to its material subsidiaries namely Fine Technologies (India) Private Limited, Royalux Lighting Private Limited and Royalux Exports Private Limited (“**Material Subsidiaries**”), under direct and indirect taxes (together “**the Tax Laws**”), presently in force in India as on the signing date, which are defined in Annexure I. These possible special tax benefits are dependent on the Company, its shareholders and its Material Subsidiaries fulfilling the conditions prescribed under the relevant provisions of the Tax Laws. Hence, the ability of the Company and its shareholders and Material Subsidiaries to derive these possible special tax benefits is dependent upon their fulfilling such conditions, which is based on business imperatives the Company may face in the future and accordingly, the Company, its shareholders and its Material Subsidiaries may or may not choose to fulfill.
3. The benefits discussed in the enclosed **Annexure I** cover the possible special tax benefits available to the Company, its shareholders and its Material Subsidiaries but does not cover any general tax benefits available to the Company, its shareholders and its Material Subsidiaries.

Managements' Responsibility

4. The management’s responsibility includes the preparation and maintenance of all accounting and other relevant supporting records and documents. This responsibility includes the design, implementation, and maintenance of internal control relevant to the preparation and presentation of the Annexure I and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances. The management is also responsible for ensuring that the Company



complies with the requirements of the relevant provisions of the Tax laws and to avail the available special tax benefits. The preparation of the enclosed Annexure I and their contents is the responsibility of the management of the Company and is not exhaustive.

Auditor's Responsibility

5. We were informed that the statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing Tax Laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the proposed initial public offering of equity shares of the Company comprising a fresh issue of the Equity Shares by the Company and an offer for sale of Equity Shares by certain shareholders particularly in view of the fact that certain recently enacted legislation may not have a direct legal precedent or may have a different interpretation on the possible special tax benefits, which an investor can avail. Neither we are suggesting nor advising the investors to invest money based on this Statement.
6. We conducted our examination in accordance with the "Guidance Note on Reports or Certificates for Special Purposes (Revised 2016)" (the "**Guidance Note**") issued by the Institute of Chartered Accountants of India. The Guidance Note requires that we comply with ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial information, and Other Assurance and Related Services Engagements.
7. Our Scope of work did not involve performance of any audit test in this context of our examination. Accordingly, we do not express an audit opinion.
8. We do not express any opinion or provide any assurance as to whether:
 - i) the Company and its shareholders and its Material Subsidiaries will continue to obtain these possible special tax benefits in future; or
 - ii) the conditions prescribed for availing the possible special tax benefits where applicable, have been/ would be met with.
9. The contents of enclosed Annexures are based on the information, explanation and representations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company.

Our views expressed herein are based on the facts and assumptions indicated to us. No assurance is given that the revenue authorities/ courts will concur with the views expressed herein. Our views are based on the existing provisions of the Tax Laws and its interpretation, which are subject to change from time to time. We do not assume responsibility to update the views consequent to such changes. We shall not be liable to the Company for any claims, liabilities or expenses relating to this assignment except to the extent of fees relating to this assignment, as finally judicially determined to have resulted primarily from bad faith or intentional misconduct. We will not be liable to the Company and any other person in respect of this Statement, except as per applicable law.



10. We hereby give consent to include this Statement in the Red Herring Prospectus, and the Prospectus, and in any other material used in connection with the proposed Offer. The Statement is not to be used, referred to or distributed for any other purpose without our prior written consent.

Yours Truly,

For and on behalf of
BGJC & Associates LLP

Chartered Accountants

Firm Registration Number: 003304N/N500056

Pranav Jain


Pranav Jain
Partner

Membership No.: 098308

UDIN: *23098308B6VLSL1897*

Place: New Delhi

Date: April 07, 2023

Encl: As above

ANNEXURE I

LIST OF MATERIAL SUBSIDIARIES CONSIDERED AS PART OF THE STATEMENT

1. Fine Technologies (India) Private Limited ('Material Subsidiary')
2. Royalux Exports Private Limited ('Material Subsidiary')
3. Royalux Lighting Private Limited ('Material Subsidiary')

Note 1: Material subsidiaries identified in accordance with the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, includes a subsidiary whose income or net worth in the immediately preceding year (i.e., March 31, 2022) exceeds 10% of the consolidated income or consolidated net worth respectively, of the holding company and its subsidiaries in the immediately preceding year.

ANNEXURE TO THE STATEMENT OF POSSIBLE SPECIAL TAX BENEFITS AVAILABLE TO THE COMPANY, ITS SHAREHOLDERS AND ITS MATERIAL SUBSIDIARIES UNDER THE APPLICABLE DIRECT TAX LAWS

We have outlined hereunder certain possible special tax benefits which may be available to IKIO Lighting Limited (the "**Company**") and its shareholders and its Material Subsidiaries under the Income-tax Act, 1961 (read with Income Tax Rules, Circulars, Notifications) as amended by the Finance Act, 2023 (hereafter referred to as "**Indian Income Tax Regulations**"):

- i) Possible Special tax benefits available to the Company and its material subsidiaries under the applicable Direct Tax Laws in India

1. Lower corporate tax rate under section 115BAA of the Income-tax Act, 1961 ('the Act')

Section 115BAA has been inserted in the Act w.e.f. 1 April 2020 (A.Y. 2020-21). Section 115BAA of the Act grants an option to a domestic Company to be governed by the section from a particular assessment year. If a Company opts for section 115BAA of the Act, it can pay corporate tax at a reduced rate of 25.168% (22% plus surcharge of 10% and education cess of 4%). Section 115BAA of the Act further provides that domestic Companies availing the said option will not be required to pay Minimum Alternate Tax ('MAT') on their 'book profits' under section 115JB of the Act.

However, such a company will no longer be eligible to avail specified exemptions / incentives under the Act and will also need to comply with the other conditions specified in section 115BAA of the Act. Also, if a Company opts for section 115BAA of the Act, the tax credit (under section 115JAA of the Act), if any, which it is entitled to on account of MAT paid in earlier years, will no longer be available. Further, it shall not be allowed to claim set-off of any brought forward loss arising to it on account of additional depreciation and other specified incentives.

The Company has opted to apply section 115BAA of the Act for Financial Year 2021-22. Once the Company decides to opt for applicability of concessional tax rate, it would not be eligible to claim below deduction and MAT credit.



2. Deductions from Gross Total Income

Section 80G of the Act: Deductions in respect of donations subject to conditions prescribed in the Act, the Company is entitled to claim deduction, under the provisions of Section 80G of the Act, of an amount equal to hundred per cent or fifty percent (as applicable as per the provisions of the Act) of the amount of donations made by the Company in the relevant previous year.

However, where the Company opts for special rate of tax under section 115BAA of the Act, such deduction shall not be allowed in computation of total income in the relevant previous year.

Royalux Export Private Limited has established in Special Economic Zone and claiming deduction under section 10AA of the Income Tax Act, 1961.

ii) Special direct tax benefits available to the Shareholders of the Company under the applicable Direct Tax Laws in India

As per section 112A of the Act, long-term capital gains arising from transfer of an equity share, or a unit of an equity-oriented fund or a unit of a business trust shall be taxed at 10% (without indexation) of such capital gains subject to fulfillment of prescribed conditions under the Act as well as per Notification No. 60/2018/F. No.370142/9/2017-TPL dated 1 October 2018. It is worthwhile to note that tax shall be levied where such capital gains exceed INR 100,000.

As per section 111A of the Act, short term capital gains arising from transfer of an equity share, or a unit of an equity oriented fund or a unit of a business trust shall be taxed at 15% subject to fulfillment of prescribed conditions under the Act.

In respect of non-resident shareholders, the tax rates and the consequent taxation shall be further subject to any benefits available under the applicable Double Taxation Avoidance Agreement, if any, between India and the country in which the non-resident has fiscal domicile. Except for the above, the Shareholders of the Company are not entitled to any other special tax benefits under the Act.

NOTES:

1. The above is as per the current Tax Laws.
2. The above Statement of possible special tax benefits sets out the provisions of Tax Laws in a summary manner only and is not a complete analysis or listing of all the existing and potential tax consequences of the purchase, ownership and disposal of equity shares of the Company.

This Statement does not discuss any tax consequences in any country outside India of an investment in the equity shares of the Company. The shareholders / investors in any country outside India are advised to consult their own professional advisors regarding possible income tax consequences that apply to them under the laws of such jurisdiction.



